



# Web-Access

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- California Energy Commission Website
  - <http://www.energy.ca.gov/portfolio/notices>
- California Wind Energy Collaborative (CWECC)
  - <http://cwec.ucdavis.edu/rpsintegration>



# The Role of the CEC Integration Study in the California RPS Program

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## Status of RPS Implementation

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- The CPUC has met its statutory obligation to make key RPS findings by June 30, 2003
  - Flexible Compliance and Penalty Rules established
  - Least Cost/Best Fit bid ranking parameters set
  - Standard Contract Terms and Conditions – some parameters established; workshops this week and next
  - Market Price Referent process set – refinement of CEC report “Comparative Cost of Central Station Generation” is ongoing. This report will be the basis for a CPUC-CEC staff recommendation for the MPR, subject to party comment
- Substantial work remains to be done in these areas, but the CPUC-CEC team is on course to complete this work by year's end



## Status of RPS Implementation Cont.

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- CPUC Pres. Peevey issued a Ruling on Aug. 13<sup>th</sup> setting guidelines for renewable procurement prior to completion of RPS implementation
  - California's IOUs will be able to procure eligible renewable generation this year and continue progress towards the RPS goals



## Status of RPS Implementation Cont.

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- CPUC-CEC Collaborative Staff continue to work closely on issues such as
  - Setting the renewable generation baseline
  - Tracking renewable generation
  - Certifying eligible technologies, including DG
  - Establishing rules for out-of-state resources



## Key RPS Issues: Transmission Expansion

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- With input from the CEC, the CPUC must produce an RPS Transmission Plan for the Legislature by 12/1/03
  - The CEC provided draft results of its renewable resource potential assessment in June
  - PG&E, SCE and SDG&E have taken this assessment and produced individual transmission plans that will result in the achievement of RPS goals
  - CPUC staff is consolidating these plans into one report, and will draw from the plans key policy implications the Legislature should consider in supporting the RPS



## Key RPS Issues: Transmission Expansion

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- The CPUC RPS Transmission Plan will signal prime development locations for renewable generators to locate
  - RPS bids will be adjusted to reflect the cost of transmission to bring renewable power online
  - The CPUC is working on methods to address the free rider problem in transmission financing, in which all costs are borne by the first generator into a resource area



## Key RPS Issues: Bid Ranking and the Integration Study

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- The June RPS Decision (D.03-06-071) establishes the Integration Study's role in evaluating RPS bids
  - Once a bid is short-listed, its costs are reassessed using the Integration Study's results for site-and technology-specific projects
  - These results must be squared with the ISO's Amendment 42 process for scheduling intermittent resources





## Key RPS Issues: Bid Ranking and the Integration Study

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- Staff now understands that the Integration Study may also yield useful information regarding the capacity values of RPS technologies
  - To the extent this proves true, these results may also be utilized in the bid ranking process



## Key RPS Issues: Bid Ranking and the Integration Study

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- Bringing Integration Study results into the CPUC process
  - Results should be readily converted into consistent, (relatively) transparent methodologies that can be “plugged in” to the evaluation process for each RPS bid
  - Methodologies for capacity value assessment and integration costs will likely need to be submitted into the RPS record and subjected to a round of party comment; formal hearings may or may not be needed
  - A formal Commission decision accepting these methodologies must be adopted



## Hypothetical Timeline for Further RPS Development – One Analyst's View

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- September 12<sup>th</sup>- December 31<sup>st</sup>
  - Finish Standard Contract Terms workshops, prepare recommendation to CPUC, and adopt Final CPUC Decision
  - Publish white paper on the Market Price Referent, hold workshops, prepare recommendation, and adopt Final CPUC Decision
  - Finish RPS Transmission Report to the Legislature (12/1/03)
  - Establish baseline renewable generation for each IOU
  - Open new RPS Rulemaking – including rules for small IOUs, ESPs and CCAs
  
- September 12<sup>th</sup> – Q1 2004
  - Establish methodology for transmission cost adders in the CPUC Transmission proceeding (I.00-11-001)



## Hypothetical 2004 Sequence of Events in the RPS – One Analyst's View

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This sequence illustrates the order in which elements may commence; work will be ongoing and will overlap.

- CPUC establishes RPS procurement targets for each IOU
- IOUs file their RPS Procurement Plans specifying products sought
- CPUC approves RPS Plans
- Prospective RPS bidders submit data to the CPUC Transmission proceeding; a bid adder reflecting expected transmission costs is developed, subject to dispute
- IOU RFP is issued for CPUC-approved renewable products
- CPUC initiates production of Market Price Referent for this bid cycle



## Hypothetical 2004 Sequence of Events in the RPS – One Analyst's View

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- Bid closes; MPR revealed
- IOU evaluates bids, using Integration Study results
- Bid evaluation, including methodology, shared with Procurement Review Group
- Proposed contracts submitted to Commission via Advice Letter; PRG provides comments simultaneously, other parties subsequently
- CEC provides preliminary determination of Public Goods Charge availability
- CPUC makes final determination on contracts